

February 1, 2013

Dear Fellow Hakone owner,

Attached you will find the first invoice for Hakone 2013 common property service and management. We are delighted that the assessments have not increased this year, in spite of the work we have done in our building. Thank you to all of you who are staying current with your quarterly assessments.

Please note that the first of the two \$155 payments from the Smugglers' Notch Management Company settlement have been applied to your first quarter invoice. If you opted to have the second payment of the settlement also defer your regime expenses, it will appear on the second quarter invoice.

The invoices will now be issued on the following schedule with payments due within thirty days: February 1, May 1, August 1, and November 1. This way you will be able to anticipate when payments will be due.

The lobby project is essentially completed but for some finishing touches. The stone floor has been working out very well, it even looks great with a bit of Smuggs dust on it , which is bound to happen at this time of the year (actually at many times during the year).

Our fence is going to be replaced in the same footprint but in low maintenance, long lasting vinyl this spring. The wooden one we are replacing has required frequent painting and repairs and has been in need of extensive repair. Prior to the fence work we will be working with the "flower crew" from Smuggs maintenance to refresh our garden. It has been well cared for during the last couple years and it will be brought back to again meet our expectations before we install the fence.

We will be reviewing our financials quarterly and doing a projection for 2014 in December so that you will know what the quarterly payments will be for 2014 before the year begins. Please let us, or the SNHA staff, know if you notice anything that requires attention on our building when you are in the resort. The deck lights are currently being upgraded and will hopefully be on at night and off during the day. Our deck furniture has been safely stored in the basement s under our lobbies for the winter and will be put back out on our decks in the spring.

If you have any questions about anything related to our building, please ask.

Your Hakone directors,

Florrie Paige H13

Claire Franklin H8

Michael Sinz H7

**Hakone - Budget Projections
Summary - Updated 01-30-2013**

Joe Ingram

	Projections
Target Year	2013
Number of homes	24
LP Gas homes	24
Reserve Balance - Beginning Year	52,142
Income	
1st Qtr	23,865
2nd Qtr	23,865
3rd Qtr	23,865
4th Qtr	23,865
Other income	-
Total Income	95,460
Available from Reserves	52,142
Total Funds available for Target Year	147,602

Regime Expenses

SNHA Regime Basic Service Fee	8,640
Planning	960
Accounting	1,224
Other Administrative, meetings, postage	
Insurance (Annual Increase 2%)	9,051
Regime Property Services Contract (SNMCO)	26,275
Improvements	-
Routine Common Property Maintenance	6,636
Projects-Target Year from Reserves	22,085
Snow removal roofs	8,240
SNHA Project Management	4,435
LP Gas Service (rate of Increase 2%)	7,670
Reserve Fund Contribution	19,570
Total Expense	114,787

Projected Year End Fund Balance 52,385

SNHA fees included in above calculations

SNHA Basic Service Fee/Home	360
LP Gas Service Fee/Home	36
Planning Fee/Regime	960
Accounting Fee/Home	51
icipated Rate of Increase 1% on above SNHA fees	

**Year 2013
Approx Annual Assessments by Home Type**

Studio	2,645
2 Bedroom	5,333

% of Undivided Interest in Ownership	
Studio	0.0261
2 Bedroom	0.0575

Annual SNHA Fees by home size

SNHA Project-management	116
Planning	25
Accounting	51
Basic Service	360
Total to SNHA	552

SNHA Project-management	255
Planning	55
Accounting	51
Basic Service	360
Total to SNHA	721